

City Pension Fund for Firefighters and Police Officers in the City of Miami Beach

SUMMARY PLAN DESCRIPTION



**In the event of any discrepancy between the Summary Plan Description
and the actual provisions of the plan, the plan shall govern.**

PREPARED SEPTEMBER 2004

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

SUMMARY PLAN DESCRIPTION

PREPARED SEPTEMBER 2004

As much as possible, this Summary Plan Description has been written in non-technical terms, avoiding the formal language of the pension plan. If questions of interpretation arise as a result of the attempt to make such administrative or technical information easy to understand, the pension plan remains, as it must, the final authority. The information provided in this Summary Plan Description is based on the pension plan in existence as of November 4, 2003, and is subject to modification based upon changes in the plan, subsequent interpretations of the plan and changes in other laws that affect the plan. Individual trustees are not agents of the plan. The board of trustees is not responsible for erroneous information provided by an individual trustee or provided by any other person purportedly representing the plan, except as specifically set forth in a writing executed by the Chairman or Administrator.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

SUMMARY PLAN DESCRIPTION

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IN THE CITY OF MIAMI BEACH**

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GENERAL INFORMATION REGARDING THE PLAN

NAME OF PLAN

City Pension Fund for Firefighters and Police Officers in the City of Miami Beach

BUSINESS ADDRESS OF PLAN

Fire and Police Pension Office
605 Lincoln Road Suite 400
Miami Beach, Florida 33139
(305) 673-7039

PLAN YEAR

The Plan year begins October 1st and ends September 30th of each year. The records of the Plan are maintained on the same fiscal basis.

PLAN ADMINISTRATION

The general administration and responsibility for the proper operation of the Pension System and for making effective the provisions of the Plan are vested in a Board consisting of nine persons, as follows:

- ▶ Three Trustees elected from the membership of the Fire Department
- ▶ Three Trustees elected from the membership of the Police Department
- ▶ Three Trustees appointed by the Mayor from the City Administration

The term of office for the elected Trustees is two years.

Each Trustee is entitled to one vote on the Board. Five votes shall be necessary for a decision by the Trustees at any meeting of the Board.

Regular meetings of the Board of Trustees are scheduled on the third Thursday of each month at the Fire and Police Pension Office at 8:30 A.M.

The Trustees shall serve without compensation, but they may be reimbursed for all necessary expenses which they may actually expend through services on the Board.

BOARD OF TRUSTEES

Chairman - Warren R. Smith
Secretary - Donald Sapp

Fire Department - Three (3) Members - Serving a Two Year Term Elected by Fire Department Plan Members and Retirees

Douglas M. Mulshine
Fire Lieutenant

Jack Richardson
Firefighter II

Donald Sapp
Firefighter II

Police Department - Three (3) Members - Serving a Two Year Term Elected by Police Department Plan Members and Retirees

Louis R. Alberti
Police Officer

Warren R. Smith
Sergeant of Police

Dale A. Twist
Sergeant of Police

City Administration - Three (3) Members - Appointed by the Mayor

Mayra Diaz Buttacavoli
Director Human Resources and Risk Management

Odalys Mon
Special Projects Coordinator

Debora J. Turner
First Assistant City Attorney

AGENT FOR SERVICE OF LEGAL PROCESS

The Chairman of the Board is the Agent for Service of legal process, or in the absence of the Chairman, the Agent for Service of legal process is the Secretary of the Board.

PROFESSIONAL SERVICES AND CONSULTANTS

The Board may engage such services from professionals and consultants as the Board feels are required to transact the business of the System. Professionals and consultants employed by the Board are:

EXECUTIVE DIRECTOR

Celia Borenstein Locke, CEBS
Fire and Police Pension Office
605 Lincoln Road, Suite 400
Miami Beach, FL 33139-2802
(305) 673-7039

LEGAL COUNSEL

Stephen H. Cypen, Esq.
Cypen & Cypen
825 Arthur Godfrey Road
Miami Beach, FL 33140
(305) 532-3200

CERTIFIED PUBLIC ACCOUNTANT

Donald F. Bellantoni, C.P.A., Partner
Koch Reiss & Company P.A.
4700 Sheridan Street, Bldg. N
Hollywood, FL 33021-3497
(954) 989-7462 (305) 652-4255

CONSULTING ACTUARY

Jose I. Fernandez, Principal
Mellon
200 Galleria Parkway, N.W. Suite 1900
Atlanta, GA 30339
(770) 916-4107

INVESTMENT MANAGERS

Henry P. Renard
Exec. Vice President
Inverness Counsel
545 Madison Avenue
New York, NY 10022
(212) 207-2107

Wayne T. Owen
Managing Director
RhumbLine Advisers
30 Rowes Wharf
Boston, MA 02110
(617) 345-043

Dena B. Vardaxis
Assistant Vice President
Wellington Trust Company
75 State Street
Boston, MA 02109
(617) 951-5336

Julie L. Sholl
Client Service Assoc. Director
INVESCO
1360 Peachtree Street N.E.
Suite 100
Atlanta, GA 30309
(404) 898-0771 (888) 800-9429

Fred Sherbinsky
ING (Self-Directed Drop Program)
3201 W. Commercial Blvd.
Suite 212
Fort Lauderdale, FL 33309
(954) 486-2236 (800) 233-2989

PERFORMANCE CONSULTANT

George S. Ling, Exec. Vice President
GRS Asset Consulting Group
301 East Las Olas Boulevard, #200
Fort Lauderdale, FL 33301
(954) 527-1616

CUSTODIAN

Ann Orsek, Vice President
Fiduciary Trust International of the South
100 Southeast Second Street, #2300
Miami, FL 33131-1101
(305) 372-1260

MEDICAL BOARD

Anne M. Garami, M.D.
4302 Alton Road
Suite 510
Miami Beach, FL 33140
(305) 531-0672

Cornel Lupu, M.D.
4302 Alton Road
Suite 440
Miami Beach, FL 33140
(305) 531-1204

Lawrence A. Snetman, M.D.
400 Arthur Godfrey Road
Suite 408
Miami Beach, FL 33140
(305) 673-6333

CUSTODIAN

According to the Plan the City of Miami Beach shall have the custody of and responsibility for any funds, stocks, bonds, notes or other evidences of indebtedness and such custody shall be for the purpose of safekeeping only.

The Custodians employed by the City are:

TRUST ACCOUNT

Fiduciary Trust International
of the South
100 Southeast Second Street
Suite 2300
Miami, Florida 33131-1101

DEMAND (CHECKING) ACCOUNT

SunTrust Bank, Miami, N.A.
777 Brickell Avenue
Miami, Florida 33131-2803

RELEVANT PROVISIONS AND REGULATIONS OF STATE OR LOCAL LAW GOVERNING THE PLAN

The Plan is a Defined Benefit Plan covering substantially all Police Officers and Firefighters in the City of Miami Beach, created under, Chapter 23414, Laws of Florida, Special Act of 1945, as amended through November 4, 2003.

The Plan appears in the Code of the City of Miami Beach, Part I, Charter and Related Special Acts, Subpart B, Related Special Acts, Article IX, "Pension System for Disability and Retirement of Members of Police and Fire Departments."

The Plan is also subject to the provisions of:

- ▶ Chapter 175, Florida Statutes, "Municipal Firefighters Pension Trust Funds"
- ▶ Chapter 185, Florida Statutes, "Municipal Police Officers Retirement Trust Funds"
- ▶ Chapter 112, Florida Statutes, "Public Officers and Employees"

MEMBERSHIP IN THE FUND

ELIGIBILITY

Any employee of the City who is an employee as is herein defined is eligible to be a Member of the Plan:

The term "employee" means any regular member of the Police Department or the Fire Department who has attained regular Civil Service Status in such departments under the official classification of positions in the classified service of the City, having a rank in such department other than civilian rank and other than the classification of school guard. Unless they have never held classified positions, the chiefs of the Police and Fire Departments shall be considered employees of this System.

After obtaining regular status, the employee must execute a contract with the City.

A physical examination is required as prescribed by the Board of Trustees; however, results of such examination shall not affect eligibility for membership, but shall be used for proper administration of the System by the Board.

Any member who separates from active service with the Fire or Police Departments to accept an appointment to any office in the Unclassified service of the City shall continue to have all the rights, privileges and responsibilities of this System.

BUY BACK OF SERVICE TIME

BUY BACK OF PROBATIONARY SERVICE TIME

After obtaining Regular Status, new Members of the Fire and Police System have six months in which to buy back, for creditable pension time, their respective probationary period without interest; thereafter, interest will be charged at the rate of three (3%) percent per annum.

PRE-EMPLOYMENT MILITARY TIME

A Member with 20 years of creditable service may purchase up to four (4) years of pre-employment military service. The price for each such year is ten (10%) percent of the aggregate of all salary during the 12 months preceding the date of such purchase.

Service purchased under this section shall be determined in accordance with the three (3%) percent benefit rate.

PRIOR PUBLIC SAFETY TIME SERVICE AS A FIREFIGHTER OR LAW ENFORCEMENT OFFICER

Members with 20 or more years of creditable pension service time, who meet the eligibility requirements to retire because of the attainment of age 50 or the sum of age plus creditable service time equals to at least 70, may purchase up to 2 years of full time public safety service as a Law Enforcement Officer or public safety service as a Firefighter prior to City employment, provided the member is not entitled to receive a benefit from another plan for the same service.

This benefit is calculated at 3% accrual for each year. The cost to purchase each year is 10% of the aggregate of the member's salary during the 12 calendar months immediately preceding the date of such purchase.

ADDITIONAL MULTIPLIER

Members with 20 or more years of creditable pension service time, who meet the eligibility requirements to retire because of the attainment of age 50 or the sum of age plus creditable service time equals to at least 70, may purchase up to additional 6% multiplier in increments of 3%. The cost to purchase the 3% multiplier is 10% of the aggregate of the member's salary during the 12 calendar months immediately preceding the date of such purchase.

The total accrual cannot exceed 12%, including pre-employment military time, prior public safety service as Firefighter or Law Enforcement Officer and the multiplier.

HOW BENEFITS ARE FUNDED

The Fire and Police Pension System is funded by contributions from the members, the City of Miami Beach and income from the invested assets.

CONTRIBUTIONS BY MEMBERS

Each member of the Fund contributes 10% of his salary.

Contributions are made on a pre-tax basis under Section 414(h) of the Internal Revenue Code.

CONTRIBUTIONS BY CITY

The City must contribute an amount determined by the Plan's actuary to be sufficient, along with the member's contribution to fund systematically the benefits under the Plan.

The Employer's contribution will vary depending on the experience of the Plan.

The anticipated Administrative expenses required to meet the cost of the Fund will be funded through future normal contributions by the City and will be taken into account in the valuation.

RETIREMENT ELIGIBILITY

SERVICE RETIREMENT

Members may retire on a Service Retirement upon meeting of any one of the following:

- the attainment of age 50
- the sum of the member's age and creditable service equals at least 70 (Rule of 70)

RETIREMENT BENEFITS

AMOUNT OF BENEFIT

Upon service retirement, an employee receives a monthly benefit payable for life, equal to 3% of his average monthly salary for each of his first 15 years of creditable service and 4% of such average monthly salary for each year of creditable service in excess of 15 years, provided that the benefit is not to exceed 90% of the average monthly salary.

Average monthly salary is defined as 1/12 of the average of the two highest paid years of the member prior to the date of retirement or termination, or the average of the last two paid years of the member prior to the date of retirement or termination, whichever produces the greater benefit.

Notwithstanding this definition, however, the inclusion of overtime in the member's salary for the two highest paid years, or last two years, as the case may be, shall be limited in each year to an amount which is equal to 70% of the difference between the annualized pay rate at retirement and the highest annualized pay rate for the next higher salary rank.

See Examples on pages 7A (Fire) and 7B (Police).

EXAMPLE FIREFIGHTER I

Classification:	Firefighter I	23 years of creditable service	Eligible for Retirement - met the Rule of 70 or age 50
	Highest 2 years salary:		
	Year 1	90,000.00	includes overtime of 25,000
	Year 2	81,500.00	includes overtime of 8,000
		<u>171,500.00</u>	
	Last 2 years salary:		
	Year 1	78,000.00	includes overtime of 7,000
	Year 2	81,500.00	includes overtime of 8,000
		<u>159,500.00</u>	

Overtime limit calculation:

<u>Firefighter I - pay rate at retirement</u>	<u>Firefighter II - highest pay rate (next higher salary rank)</u>
Highest range of pay plan	Highest range of pay plan
Paramedic pay - 7%	Paramedic pay - 7%
	<u>2,609.21</u>
	182.64
	<u>2,791.85</u>
Longevity pay - 10% (20 years)	Longevity pay - 10% (20 years)
	<u>279.19</u>
	<u>3,071.04</u>
Highest annualized pay rate - Firefighter II	
Annualized pay rate at retirement - Firefighter I	
Difference	
	3,071.04 x 26.1 =
	2,742.10 x 26.1 =
	<u>71,568.81</u>
	8,585.33
	<u>70%</u>
	<u>6,009.73</u>
Overtime limit in each year	

Review two highest paid years and last two years to determine if overtime is limited and which produces a greater benefit.

	Less	Plus	
Overtime limit - 2 highest years	Overtime	Overtime	Allowed
Year 1	90,000.00	-25,000.00	6,009.73
Year 2	81,500.00	-8,000.00	6,009.73
	<u>171,500.00</u>		
Overtime limit - Last 2 years			
Year 1	78,000.00	-7,000.00	6,009.73
Year 2	81,500.00	-8,000.00	6,009.73
	<u>159,500.00</u>		
		150,519.46	Two highest paid years with overtime limits
		<u>79,509.73</u>	
		77,009.73	
		<u>156,519.46</u>	Last two years with overtime limits

To determine average monthly salary:

Last two years with overtime limits	156,519.46 / 2 = 78,259.73
	78,259.73 / 12 = 6,521.64

To determine monthly pension benefit:

15 x 3% =	45%	6,521.64 x 15 years x 3% =	2,934.74
8 x 4% =	32%	6,521.64 x 8 years x 4% =	2,086.92
Multiplier	6%	6,521.64 x 6% multiplier =	391.30
	83%		
			<u>5,412.96</u>
			Monthly Pension
			64,955.52
			Annual Pension

This example is based on certain allowances and salary items. Members may have more or less allowances and salary items.
7 A (Fire)

EXAMPLE POLICE OFFICER

Classification:	Police Officer	23 years of creditable service	Eligible for Retirement - met the Rule of 70 or age 50
Highest 2 years salary:			
	Year 1	100,000.00	includes overtime of 35,000
	Year 2	80,000.00	includes overtime of 8,000
		<u>180,000.00</u>	
Last 2 years salary:			
	Year 1	78,000.00	includes overtime of 7,500
	Year 2	80,000.00	includes overtime of 8,000
		<u>158,000.00</u>	
Overtime limit calculation:			
<u>Police Officer - pay rate at retirement</u>		<u>Sergeant of Police - highest pay rate (next higher salary rank)</u>	
	Highest range of pay plan	2,329.74	Highest range of pay plan
	Longevity pay - 10% (20 years)	232.97	Longevity pay - 10% (20 years)
		<u>2,562.71</u>	<u>2,696.73</u>
			<u>269.67</u>
			<u>2,966.40</u>
Highest annualized pay rate		- Sergeant o Police	2,966.40 x 26.1 =
Annualized pay rate at retirement		- Police Officer	2,562.71 x 26.1 =
Difference			<u>66,886.73</u>
			<u>10,536.31</u>
			70%
			<u>7,375.42</u>
Overtime limit in each year			

Review two highest paid years and last two years to determine if overtime is limited and which produces a greater benefit.

Overtime limit - 2 highest years		Less	Plus	
Overtime	Overtime	Overtime	Overtime	
Year 1	Year 2	Year 1	Year 2	
100,000.00	80,000.00	35,000.00	8,000.00	
-35,000.00	-8,000.00	7,375.42	7,375.42	
		72,375.42	79,375.42	
				151,750.84 Two highest paid years with overtime limits
Overtime limit - Last 2 years				
Year 1	Year 2	Year 1	Year 2	
78,000.00	80,000.00	7,500.00	8,000.00	
-7,500.00	-8,000.00	7,375.42	7,375.42	
		77,875.42	79,375.42	
				157,250.84 Last two years with overtime limits
To determine average monthly salary:				
Last two years with overtime limits		157,250.84 / 2 = 78,625.42		
		78,625.42 / 12 = 6,552.12		Average monthly salary
To determine monthly pension benefit:				
15 x 3% =	45%	6,552.12 x 15 years x 3%	=	2,948.45
8 x 4% =	32%	6,552.12 x 8 years x 4%	=	2,096.68
Multiplier	6%	6,552.12 x 6% multiplier		393.13 This member purchased the multiplier
	83%			<u>5,438.26 Monthly Pension</u>
				65,259.12 Annual Pension

This example is based on certain allowances and salary items. Members may have more or less allowances and salary items.
7 B (Police)

DEFERRED RETIREMENT OPTION PLAN (DROP)

DROP is a program that allows the member to effectively retire without terminating employment.

This program is available to any member on the first day of any month following the date upon which the member becomes eligible for a normal service retirement:

- upon the attainment of age 50, or
- the sum of the member's age and creditable service equals at least 70 (Rule of 70)

The DROP shall contain such terms and provisions as may be necessary to reflect the terms of the bargaining agreements in the contract covering the period of October 1, 1997 and September 30, 2000, between the City and the Unions (IAFF and FOP), and any amendments to those agreements.¹

1 Firefighters, Local 1510 , DROP Provisions, Contract Period 10/01/2003 - 09/30/2006 - Appendix C

Miami Beach Fraternal Order of Police - William Nichols Lodge No. 8, DROP Provisions, Contract Period 10/01/2003 - 09/30/2006 -Appendix D

RETURN OF CONTRIBUTIONS BEFORE ELIGIBILITY FOR RETIREMENT

If a member resigns or is lawfully discharged, or if the member dies from causes not attributable to his/her active duties prior to the completion of 5 years of membership in the department, or by death in active service leaving no surviving spouse, surviving children or surviving dependent parents entitled to benefits, his/her contributions with interest at 3% per annum are returned to him/her or to a designated beneficiary..

VESTED RETIREMENT BENEFITS

Any employee who terminates employment after the completion of 10 years of creditable service but prior to age 50, may elect, in lieu of the return of his/her accumulated contributions, to receive at age 50 a monthly benefit payable for life, equal to his/her service retirement benefit accrued to date of termination. In the event of death prior to age 50, at the time the member would have attained age 50, the following applies:

To Surviving Spouse or Domestic Partner - 100% of accrued benefit for one year; thereafter, the greater of 75% of the total benefit or 25% of the average monthly salary for the two highest years, unless the surviving spouse was married to the deceased member less than 10 years, or the domestic partnership was registered for less than 10 years, then the benefits are payable for a period no longer than the normal life expectancy of the deceased member at the time of death. All benefits stop upon surviving spouse's remarriage or death, or the domestic partner's marriage or entry into another domestic partnership or death.

If there is no Surviving Spouse or Domestic Partner, or upon the Surviving Spouse's remarriage or death, or upon the Domestic Partner's marriage or entry into another Domestic Partnership or death, the benefit set forth shall be paid to the member's children in equal portions to each child of the deceased member and shall cease when:

- a. The child attains the age of 18 (or age 22 in the case of a child who is a full time student in high school or college, in the case of a handicapped child ceases to be handicapped child), or
- b. The child marries or dies.

A legally adopted child shall have the same rights as a natural born child but no pension shall be allowed to a stepchild of a deceased member

If there are no benefits payable to a child or children, then the benefit set forth shall be paid to the dependent parent of the deceased member.

A minimum 10 year certain benefit will be paid. This means that if the member should die and does not have one of the Specified Beneficiaries under the Plan Document, or if the specified beneficiary under the Plan Document should also die or is no longer entitled to a benefit prior to 120 payments being made, benefits will continue to the estate of the member or to another designated beneficiary for the balance of the 120 payments.

DISABILITY RETIREMENT PROVISIONS

TOTAL AND PERMANENT DISABILITY INCURRED IN THE LINE OF DUTY

Eligibility is immediate upon becoming a member.

Any employee who becomes totally and permanently disabled at any time as the result of illness or injury suffered in the line of duty may be retired on an accidental disability benefit. Disability retirement is subject to the approval of the Board of Trustees based upon established methods and procedures.

Upon the accidental disability retirement, a member receives a monthly benefit equal to his service retirement benefit accrued to the date of disability. The minimum benefit payable is 85% of current salary of the member at the time of disability retirement less any offset that may be required by Workers' Compensation.

TOTAL AND PERMANENT DISABILITY NOT INCURRED IN THE LINE OF DUTY

Any member who becomes totally and permanently disabled after completion of 5 years of creditable service, as the result of illness or injury not suffered in the line of duty, may be retired on an ordinary disability retirement benefit. Disability retirement is subject to the approval of the Trustees based upon established methods and procedures.

Upon ordinary disability retirement, a member receives a monthly benefit equal to his service retirement benefit accrued to the date of disability.

DISABILITY RETIREMENT CLAIMS AND GUIDELINES

All applications for disability retirement are filed with the Board of Trustees. A medical board of three doctors will examine the member and report their findings to the Board of Trustees. The Board of Trustees will rule on the request for disability retirement based on all reports and examinations available.

The criteria that must be met for the Board to grant a service connected disability retirement is: (1) Total, (2) Permanent and (3) Service Incurred.

The criteria that must be met for the Board to grant a non-service connected disability retirement is: (1) Total and (2) Permanent.

It takes 5 affirmative votes of the Board of Trustees to grant a disability retirement.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
DISABILITY CLAIMS PROCEDURES**

I. Commencement of Claim

- A. A member who believes he or she is eligible for a disability pension ("Applicant") shall apply therefor on a form made available by the Board of Trustees ("Board") or a form otherwise acceptable to the Board ("Application").
- B. The Applicant shall also execute such releases, authorizations or other documents deemed necessary for the Board to obtain a complete file of relevant documentation.
- C. The Applicant shall fully cooperate with the Board to assist the Board in obtaining such complete file.
- D. The Applicant shall have the right to be represented by legal counsel at any and all stages of the claims procedure.

II. Informal Hearing

- A. At the informal hearing, the Board shall consider only the documentary evidence contained in the file and any evidence received pursuant to paragraph B below.
- B. Other than answers to questions from members of the Board or from the Board's attorney, the Board will take no additional evidence at the informal hearing, although the Applicant or his legal counsel may make a short presentation, limited to comments or arguments as to the evidence contained in the file.
- C. Upon completion of review of the Application at the informal hearing, the Board shall render a decision unless it finds that the file is incomplete or that additional information should be obtained. In the latter case, the Board may defer ruling and continue the informal hearing to such time as the Board finds that the file is complete.
- D. The Board shall decide the merits of the Application by motion duly adopted and shall subsequently furnish a copy thereof to the Applicant. In addition, the Board shall provide a written explanation of the right to a formal hearing on the Application and the time limit within which a formal hearing must be requested in writing.
- E. The decision of the Board after the informal hearing shall not be final until after the time has expired to request a formal hearing, or, if a full hearing is timely requested, until the Board makes a decision following the formal hearing.

III. Formal Hearing

- A. An Applicant may request a formal hearing on the Application upon which the Board has made a decision on the merits following an informal hearing.
- B. The request for a formal hearing must be in writing and must be physically received by the Board within 30 days of service of the Board's written decision on the merits after the informal hearing. Service by the Board will be deemed to have been made on the date of mailing by the Board to the Applicant.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
DISABILITY CLAIMS PROCEDURES**

- C. After the Applicant has timely begun the process for a formal hearing, the Applicant or the Applicant's legal counsel must notify the Board's attorney in order to work out mechanics such as discovery and a mutually convenient time for the formal hearing. However, in all cases, at least sixty business days prior to the formal hearing, the Applicant or the Applicant's legal counsel must (1) provide Board and the Board's attorney with copies of all medical reports or other relevant documentary evidence in the Applicant's possession or of which the Applicant has knowledge, (2) provide the Board's attorney a list of names, addresses and telephone numbers of each and every witness the Applicant claims has knowledge relating to the Application and (3) provide the Board's attorney with a short statement or summary of the testimony of each and every witness. If the foregoing period is not sufficient, the Board's attorney will advise the Board that the formal hearing should be postponed to a later date. If the Applicant or the Applicant's legal counsel does not comply with this paragraph, the Applicant may be precluded from offering the testimony or evidence at the formal hearing.
- D. Except for discovery requested by the Board or the Board's attorney, all costs of discovery, including the compensation of professional and lay witnesses, shall be borne by Applicant.
- E. The Applicant shall be responsible to obtain the attendance of the Applicant's witnesses at the formal hearing. Upon timely written request by the Applicant, the Board shall issue subpoenas for the attendance of witnesses at depositions and at the formal hearing. The Board may charge a reasonable fee for issuance of subpoenas to the extent permitted by law. If provided in accordance with these procedures, transcripts of depositions shall be made part of the file. Although such transcripts will not necessarily be read into the record, any portions thereof may be read into the record by any party and may be referred to in argument. In all cases, the Applicant shall bear the burden of proof to show entitlement to the benefits sought.
- F. Should the Applicant decide to appeal a decision made by the Board with respect to any matter considered at the formal hearing, the Applicant will need a record of the proceedings, and, for such purpose, the Applicant may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.
- G. Decisions of the Board after a formal hearing shall be final and binding, subject to judicial review. Such decisions shall set forth the specific reasons for denial as provided in Section 112.66(7), Florida Statutes.
- H. The Board shall decide the merits of the Application by motion duly adopted and shall subsequently furnish a copy thereof to Applicant. Service by the Board will be deemed to have been made on the date of mailing by the Board to the Applicant.
- I. Judicial review of decisions of the Board shall be had in the manner prescribed by law.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
DISABILITY CLAIMS PROCEDURES**

IV. Miscellaneous

- A. Informal hearings and formal hearings will be held during regular Board meetings as part of the regular Agenda. No Applicant has the right to demand or to receive a special setting upon the Application.
- B. Applications will generally be heard in the order filed. However, in some cases a later-filed Application will be ready for hearing before an earlier-filed Application. In such a case, the Application first ready to be heard will be heard first.
- C. If more than one Application is ready for formal hearing, the earliest-filed Application shall be heard first and other Applications which are ready shall be heard in the order filed. However, in fairness to the Applicant and to the Board, the Board may limit the number of formal hearings heard on any single Agenda.
- D. Testimony of all witnesses shall be under oath or affirmation.

SURVIVORS' BENEFITS

Definitions: The term **"surviving spouse"** shall mean the lawfully wedded spouse of a member of the System living with the member at the time of the member's death.

The term **"Domestic Partner"** means a person with whom a member has entered into a domestic partnership as defined in Sec. 62-126, and registered and documented according to Sec. 62-127.

The term **"handicapped child"** means a child of a member who has reached the age of eighteen (18) who is primarily dependent upon the member for the child's livelihood or support due to a mental or physical condition or handicap of the child which requires, or otherwise would have required, the member to provide primary support for the child.

The term **"dependent parent"** means a parent of a member for whom a member is entitled, or would have been entitled, to claim a dependency exemption for federal income tax reporting purposes.

BENEFIT FOR SERVICE CONNECTED DEATH

Eligibility is immediate upon becoming a member.

Upon the death of a member resulting from injury suffered in the line of duty, the benefit is payable as follows:

To Surviving Spouse or Domestic Partner – the greater of 85% of the member's salary at date of death or the accrued benefit.

If there is no Surviving Spouse or Domestic Partner, or upon the Surviving Spouse's remarriage or death, or upon the Domestic Partner's marriage or entry into another Domestic Partnership or death, the benefit set forth shall be paid to the member's children in equal portions to each child of the deceased member. However, benefits shall continue to be paid to the member's surviving spouse on the surviving spouse's remarriage instead of the member's children, if the member is killed in the line of duty. Payments under this subsection to any child shall cease when:

- a. The child attains the age of 18 (or age 22 in the case of a child who is a full time student in high school or college, in the case of a handicapped child ceases to be handicapped child), or
- b. The child marries or dies.

A legally adopted child shall have the same rights as a natural born child but no pension shall be allowed to a stepchild of a deceased member

If there are no benefits payable to a child or children, then the benefit set forth shall be paid to the dependent parent of the deceased member.

A minimum 10 year certain benefit will be paid. This means that if the member should die and does not have one of the Specified Beneficiaries under the Plan Document, or if the specified beneficiary under the Plan Document should also die or is no longer entitled to a benefit prior to 120 payments being made, benefits will continue to the estate of the member or to another designated beneficiary for the balance of the 120 payments.

BENEFIT FOR NON-SERVICE CONNECTED DEATH

Eligibility is after 5 years of creditable service.

Upon the death of a member from causes not attributable to his/her duties, and if such death shall occur after his/her having completed 5 years of creditable service.

The non-service connected death benefit is a monthly benefit payable as follows:

To Surviving Spouse or Domestic Partner - 100% of accrued benefit for one year; thereafter, the greater of 75% of the total benefit or 25% of the average monthly salary for the two highest years, unless the surviving spouse was married to the deceased member less than 10 years, or the domestic partnership was registered for less than 10 years, then the benefits are payable for a period no longer than the normal life expectancy of the deceased member at the time of death. All benefits stop upon surviving spouse's remarriage or death, or the domestic partner's marriage or entry into another domestic partnership or death.

If there is no Surviving Spouse or Domestic Partner, or upon the Surviving Spouse's remarriage or death, or upon the Domestic Partner's marriage or entry into another Domestic Partnership or death, the benefit set forth shall be paid to the member's children in equal portions to each child of the deceased member and shall cease when:

- a. The child attains the age of 18 (or age 22 in the case of a child who is a full time student in high school or college, in the case of a handicapped child ceases to be handicapped child), or
- b. The child marries or dies.

A legally adopted child shall have the same rights as a natural born child but no pension shall be allowed to a stepchild of a deceased member

If there are no benefits payable to a child or children, then the benefit set forth shall be paid to the dependent parent of the deceased member.

A minimum 10 year certain benefit will be paid. This means that if the member should die and does not have one of the Specified Beneficiaries under the Plan Document, or if the specified beneficiary under the Plan Document should also die or is no longer entitled to a benefit prior to 120 payments being made, benefits will continue to the estate of the member or to another designated beneficiary for the balance of the 120 payments.

COST OF LIVING

A pensioner, or a beneficiary of such member, will have his/her benefits increased by 2.5% of the total amount payable under this Fund each October 1, provided that the first recipient has been receiving a benefit for at least one year under this Fund. For any member who must wait more than twelve months for his/her first such increase, the amount of increase commencing with the first October 1 he/she receives said increase will be 2.5% multiplied by the number of months since retirement and divided by 12.

PAYMENT OF YOUR BENEFITS

This section describes the various ways and conditions your retirement benefit can be paid.

STANDARD BENEFIT

When you retire, you will receive a monthly pension payable for life (your accrued benefit). Upon your death the benefit is payable as follows:

Surviving Spouse or Domestic Partner - 100% for one year and thereafter, the greater of 75% of the total benefit or 25% of the average monthly salary for the two highest paid years, unless the surviving spouse was married to the deceased member less than 10 years, or the domestic partnership was registered for less than 10 years, then the benefits are payable for a period no longer than the normal life expectancy of the deceased member at the time of death. All benefits stop upon surviving spouse's remarriage or death, or the domestic partner's marriage or entry into another domestic partnership or death.

If there is no surviving spouse or domestic partner, or upon the surviving spouse's remarriage or death, or upon the domestic partner's marriage or entry into another domestic partnership or death, the benefit set forth shall be paid to the member's children in equal portions to each child of the deceased member and shall cease when:

- (1) The child attains the age 18 (or age 22 in the case of a child who is a full-time student in high school or college, in the case of a handicapped child ceases to be a handicapped child), or
- (2) The child marries or dies.

A legally adopted child shall have the same rights as a natural born child but no pension shall be allowed to any stepchild of a deceased member.

If there are no benefits payable to a child or children, then the benefit set forth shall be paid to the dependent parent of the deceased member.

Under the STANDARD BENEFIT OPTION, a minimum 10 year certain benefit will be paid.

This means that if the retired member should die and does not have one of the specified beneficiaries under the Plan Document, or the specified beneficiary (under the Plan Document) should also die or is no longer entitled to a benefit, prior to 120 payments being made, benefits will continue to be paid to the Estate of the Member or to another DESIGNATED beneficiary for the balance of the 120 months or 10 years.

If you wish, however, you may choose an optional form of payment method in lieu of the standard. The optional form is the actuarial equivalent of a 10 year certain and life option.

The alternate payment methods are:

Life of Member

This option provides payments to you as long as you live. All benefits cease at your death. **There are no beneficiary benefits under this option.**

10 Year Certain and Life ²

This option provides payments for your lifetime. If you should die before 120 payments are made, the payments will continue to your designated beneficiary until 120 payments have been made.

Joint and Survivor ²

25%

Under this option a reduced monthly pension (less than the amount payable under the Life Only Option) is payable during your lifetime. Your designated beneficiary, if living at time of your death, will receive 25% of your benefit for as long as the beneficiary lives.

50%

Under this option a reduced monthly pension (less than the amount payable under the 25% Joint and Survivor Option) is payable during your lifetime. Your designated beneficiary, if living at time of your death, will receive 50% of your benefit for as long as the beneficiary lives.

66 $\frac{2}{3}$ %

Under this option a reduced monthly pension (less than the amount payable under the 50% Joint and Survivor Option) is payable during your lifetime. Your designated beneficiary, if living at time of your death, will receive 66 $\frac{2}{3}$ % of your benefit for as long as the beneficiary lives.

75%

Under this option a reduced monthly pension (less than the amount payable under the 66 $\frac{2}{3}$ % Joint and Survivor Option) is payable during your lifetime. Your designated beneficiary, if living at time of your death, will receive 75% of your benefit for as long as the beneficiary lives.

100%

Under this option a reduced monthly pension (less than the amount payable under the 75% Joint and Survivor Option) is payable during your lifetime. Your designated beneficiary, if living at time of your death, will receive 100% of your benefit for as long as the beneficiary lives.

² The 10 year Certain and Life Option or the Joint and Survivor Option provide NO benefits to spouse, domestic partner, dependent children or dependent parent unless chosen specifically as the beneficiary.

PRESENTING CLAIMS FOR BENEFITS UNDER THE PLAN

All claims for benefits must be presented to the Board of Trustees. The Executive Director will supply the necessary forms for the proper filing of the claim.

If the claim is such that there is no special form, a letter should be addressed to the Board and mailed to the Plan address. Members who wish to present such claims have the right to appear at a hearing before the Board of Trustees.

COLLECTIVE BARGAINING

Certain employees covered by the Plan are members of the following collective bargaining units:

- ▶ International Association of Firefighters, Local 1510, AFL-CIO-CLC
- ▶ Miami Beach Fraternal Order of Police - William Nichols Lodge No. 8

The Fire and Police Union contracts covering the period of October 1, 2003 through September 30, 2006 provides for a change in the buyback of probationary service time as follows:

Fire Contract:	Section 7.21
Police Contract:	Section 8.23

BUYBACK OF PROBATIONARY TIME:

Employees covered by this agreement may elect, by written notice served on the Board of Trustees, to receive creditable pension service time for any or all of their time served as probationary firefighters or police officers. In order to receive such creditable pension service time, employees should be allowed to purchase any or all of such time through the use of accrued annual leave, sick leave, cash or any combination thereof. In the event such purchase is not made within six months of successful completion of probationary period, the amount paid shall include interest at the rate of three percent (3%) per annum excluding first six months.

NON ASSIGNABILITY

No pension provided for herein shall be assignable or subject to garnishment for debt or to other legal process, and no pension provided for herein shall be subject to any deductions or assessments by the City of Miami Beach, Florida, nor shall any benefits hereunder be altered or modified in any respect due to the fact that any member may be the recipient of any benefits from any other pension. However, pension benefits are subject to legal process to satisfy IRS Notice of Levy on Pension, a spousal and/or child support order(s).

The Plan does have a provision relating to offsets for Workers' Compensation benefits paid by the City to a member who retired on a Service Connected Disability for the same condition for which Workers' Compensation benefits are being paid. Offset for Workers' Compensation is limited to the extent by which the total of Workers' Compensation benefits and disability benefits exceed 100% of average monthly wage as defined under Workers' Compensation.

IMPORTANT NOTICE

There are certain circumstances which may result in the disqualification, ineligibility, denial, loss, forfeiture or suspension of benefits in this Plan. The following is a list of these circumstances:

WITHDRAWAL OF CONTRIBUTIONS

If a member leaves the employment of the City and withdraws his/her contributions plus interest, the member ceases to be eligible for benefits.

CESSATION OF PENSION

The pension plan has a provision which provides for cessation of pension as follows:

The pension provided for herein shall cease upon conviction of a felony of a member receiving the benefits herein provided and actual incarceration in the penitentiary, then such pension shall be paid to the wife or children as herein prescribed for a deceased member under this Plan, until his official release from incarceration, then the pension will be paid to the pensioned member again.

FORFEITURE OF PENSION

Florida Statutes, Section 112.3173 provides for the forfeiture of retirement benefits by public officers or public employees who are convicted of (including a plea of guilty, a plea of no contest or a jury verdict of guilty when adjudication is withheld and probation is ordered), or whose office or employment is terminated by reason of his admitted commitment of, certain offenses, to-wit:

1. committing, aiding or abetting of an embezzlement of public funds
2. the committing, aiding or abetting of any theft by a public officer or employee from his employer
3. bribery in connection with the employment of a public officer or employee
4. any felony specified in Chapter 838, Florida Statutes (bribery; misuse of public office)
5. the committing of an impeachable offense

6. the committing of any felony, willfully intended to defraud the public or the public agency of the right to receive faithful performance of duties, where a profit, gain or advantage through the use or attempted use of the power, rights, privileges, duties or positions of the public office or employment is realized, obtained or attempted to be realized or obtained.

RE-EXAMINATION OF PENSIONS

The Board of Trustees shall have the power to examine into the facts upon which any pensions are granted under this System and to ascertain if any pension has been granted or obtained erroneously, fraudulently, or illegally for any reason. Said Board shall also be empowered to purge the pension rolls of any pensions granted under this System, if the same are found to be erroneous, fraudulent or illegal for any reason; and to reclassify any pensioner who, under this System, is erroneously, improperly or illegally classified.

RECOVERING FROM DISABILITIES

In the event a member who has been retired on a pension on account of permanent and total incapacity regains his health and is found, by the Medical Board designated by the Board of Trustees of this System, to be in such physical and mental condition as to meet the requirements of the Personnel Department for service acceptable to the City, the Board shall order his/her pension discontinued, and he/she shall be ordered to resume active service in the department from which he/she was retired at the same or similar work as that at which he/she was employed prior to the disability retirement or at any other work within the limits of his/her physical or mental capabilities at a rate of compensation not less than seventy (70) per cent of the pay at the time of his/her return to active service for the classification occupied by him/her prior to the disability retirement. Upon request of the City Manager, the Board shall review the condition of any member receiving a pension for disability and shall submit to the City Manager a report thereon; and if there shall be substantial evidence that the retired member is capable of performing service acceptable to the City in the Department from which such member was retired, he shall be ordered to resume active duties and his pension shall be discontinued.

TERMINATION OF PLAN

In case of termination of the System, or in the event of the discontinuance of contributions there under having the effect of such termination, the rights of all members of this System to benefits accrued to the date of such termination or discontinuance, to the extent then funded, shall be nonforfeitable.

IRS QUALIFICATION

This Defined Benefit Plan is meant to comply with the provisions of the Internal Revenue Code. The Board of Trustees will take no action which may jeopardize the qualification of the Plan.

**FINANCIAL DATA SUMMARY
SEPTEMBER 30, 2003**

APPENDIX A

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
STATEMENTS OF PLAN NET ASSETS
SEPTEMBER 30, 2003 AND 2002**

<u>Assets</u>	<u>2003</u>	<u>2002</u>
Investments, at fair value		
Short-term obligations	\$ 11,900,000	\$ 14,299,999
U.S. Government securities	35,022,338	37,949,573
Corporate bonds	132,547,666	149,043,914
Common stocks	195,604,792	162,287,738
Money market funds	946,252	1,101,903
Collective investment funds	41,668,251	10,557,721
Mutual funds self-directed DROP participants	2,565,518	-
Total investments	<u>420,254,817</u>	<u>375,240,848</u>
Cash	20,000	10,000
Accrued interest and dividends receivable	<u>2,560,266</u>	<u>2,775,553</u>
Total assets	<u>422,835,083</u>	<u>378,026,401</u>
<u>Liabilities</u>		
Deferred retirement option plan payable	<u>2,862,662</u>	<u>4,046,133</u>
Total liabilities	<u>2,862,662</u>	<u>4,046,133</u>
Net assets held in trust for pension benefits	<u>\$ 419,972,421</u>	<u>\$ 373,980,268</u>
(a schedule of funding progress is presented on page 19)		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Koch Reiss & Company, P.A.
Certified Public Accountants & Counselors

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
Additions		
Contributions		
City	\$ 8,577,326	\$ 3,510,328
Employees		
Contributions	3,815,557	3,722,117
Buybacks/transfers	621,972	520,879
Total employees	<u>4,437,529</u>	<u>4,242,996</u>
Total contributions	<u>13,014,855</u>	<u>7,753,324</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	42,873,136	(15,262,018)
Interest	11,260,108	12,556,783
Dividends	<u>2,676,206</u>	<u>2,831,052</u>
Total investment income (loss)	56,809,450	125,817
Add (less): investment (expenses)	(1,342,041)	(1,153,310)
deferred retirement option plan participants' (earnings) losses	<u>103,436</u>	<u>(141)</u>
Net investment income (loss)	<u>55,570,845</u>	<u>(1,027,634)</u>
Total additions	<u>68,585,700</u>	<u>6,725,690</u>
 Deductions		
Pension benefits paid	21,919,356	20,107,750
Administrative expenses	521,173	498,825
Refunds of employee contributions	<u>153,018</u>	<u>102,885</u>
Total deductions	<u>22,593,547</u>	<u>20,709,460</u>
Net increase (decrease)	45,992,153	(13,983,770)
Net assets held in trust for pension benefits	<u>373,980,268</u>	<u>387,964,038</u>
Beginning of year		
End of year	<u>\$ 419,972,421</u>	<u>\$ 373,980,268</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Koch Reiss & Company, P.A.
Certified Public Accountants & Counselors

ACTUARIAL VALUATION SUMMARY
October 1, 2003

APPENDIX B

October 1, 2003

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
1. Participant Data			
a. Active members:			
i. Number	321	172	493
ii. Total annual payroll	\$19,690,206	\$12,426,314	\$32,116,520
iii. Projected annual payroll	\$20,379,363	\$12,861,235	\$33,240,598
b. Retired members and beneficiaries:			
i. Number	261	175	436
ii. Total annualized benefit	\$12,661,127	\$8,281,108	\$20,942,235
c. Disabled members receiving benefits:			
i. Number	47	12	59
ii. Total annualized benefit	\$2,019,292	\$516,985	\$2,536,277
d. Terminated vested members:			
i. Number	7	2	9
ii. Total annualized benefit	\$155,093	\$50,569	\$205,662
2. Assets			
a. Actuarial value of assets	n/a	n/a	\$410,423,595
b. Market value of assets	n/a	n/a	\$419,972,421
3. Liabilities			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$133,275,014	\$90,897,666	\$224,172,680
Vesting benefits	\$2,344,665	\$1,489,420	\$3,834,085
Disability benefits	\$9,160,449	\$5,852,916	\$15,013,365
Death benefits	\$5,150,527	\$3,301,356	\$8,451,883
Sub-total	\$149,930,655	\$101,541,358	\$251,472,013
ii. Terminated vested members	\$1,535,247	\$504,707	\$2,039,954
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$150,460,023	\$97,476,441	\$247,936,464
Disabled members	\$25,907,217	\$5,993,003	\$31,900,220
Sub-total	\$176,367,240	\$103,469,444	\$279,836,684
iv. Refund of member contributions	\$692,567	\$327,194	\$1,019,761
v. Total present value of all future expected ben. pmts.	\$328,525,709	\$205,842,703	\$534,368,412

City Pension Fund for Firefighters and Police Officers
in the City of Miami Beach

October 1, 2003

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
b. Liabilities due and unpaid	\$0	\$0	\$0
c. Actuarial accrued liability	\$285,914,051	\$182,376,218	\$468,290,269
d. Entry Age Normal Unfunded actuarial accrued liability	n/a	n/a	\$57,866,674
e. Frozen Initial Liability	n/a	n/a	n/a
4. Actuarial Present Value of Accrued Benefits (please reference Table IV for details concerning the present value of accrued benefits)	\$255,112,499	\$158,631,513	\$413,744,012
5. Pension Cost (as a % of projected payroll)			
a. Normal cost:	30.11%	30.64%	30.32%
Dollar amount:	\$6,136,662	\$3,940,707	\$10,077,369
b. Payment to amortize unfunded liability	n/a	n/a	11.22%
Dollar amount:	n/a	n/a	\$3,729,019
c. Service Buyback	4.50%	4.50%	4.50%
Dollar amount:	\$917,071	\$578,756	\$1,495,827
c. Amount to be contributed by members	10.00%	10.00%	10.00%
Dollar amount:	\$2,037,936	\$1,286,124	\$3,324,060
d. Expected City Contribution:	n/a	n/a	36.03%
Dollar amount:	n/a	n/a	\$11,978,155
6. Past Contributions (For year ending September 30,2003)			
a. Required Employer and State contribution	n/a	n/a	\$8,577,326
b. Actual contribution made by:			
i. Employer	n/a	n/a	\$8,577,326
ii. Members	n/a	n/a	\$4,437,529
iii. State	n/a	n/a	n/a

October 1, 2003

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
7. Net actuarial (gain)/loss	n/a	n/a	\$32,473,033
8. Other disclosures			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$146,372,600	\$81,927,300	\$228,299,900
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$15,369,119	\$8,602,372	\$23,971,491
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$27,242,539	\$14,864,113	\$42,106,652
c. Present value of future expected benefit payments for active members at entry age	n/a	n/a	n/a
d. Amount of active members' accumulated contributions	\$21,923,086	\$14,337,333	\$36,260,419

International Association of Firefighters - Local 1510
DROP Provisions
Contract Period 10/01/2003 - 09/30/2006

A G R E E M E N T

Between

CITY OF MIAMI BEACH, FLORIDA

and the

**FIRE FIGHTERS OF MIAMI BEACH
INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS**

LOCAL 1510

AFL-CIO-CLC

Period Covered

October 1, 2003 through September 30, 2006

a. **DEFERRED RETIREMENT OPTION PLAN (DROP)**

1. **Eligibility** - Any active employee member of the Miami Beach Police and Firefighters Pension Plan may enter into the DROP on the first day of any month following the date upon which the employee first became eligible for a normal service retirement, subject to the conditions expressed herein or as modified from time to time.
2. **Conditions of Eligibility** - Upon becoming eligible to participate in the DROP, an employee may elect to enter that program for a period not to exceed 36 months. Notwithstanding, participation may not continue beyond the date when the employee's combined years of creditable service and time in the DROP equals 352 months (387 months for employees who were Plan members prior to July 1, 1976), except for those persons entering the DROP under the window period set forth in Paragraph 11 below. Provided also that participation in DROP shall require the employee to complete and submit the following prior to start of DROP payments.
 - a. Such forms as may be required by the Pension Board of Trustee's Plan Administrator. Election in the DROP is irrevocable once DROP payments begin.

- b. A waiver and an irrevocable resignation from employment with the actual date of termination being the date designated by the employee as the end of his/her DROP participation. The administration and timing of execution and delivery of the waiver and resignation forms shall meet the requirements of the Age Discrimination in Employment Act and the Older Worker's Benefits Protection Act, as same may be amended from time to time.
- 3. **Conditions of Employment for DROP Participants** - Employees shall be subject to termination of employment while in DROP to the same extent as they were in their pre-DROP status. A person who has elected the DROP remains an employee during the DROP period and receives all the benefits of being an employee during the DROP period, except any form of pension contribution.
- 4. **Effect of DROP Participation**
 - a. An employee's credited service and his/her accrued benefit under the Pension Plan shall be determined on the date of his/her election to participate in the DROP first becomes effective.
 - b. The employee shall not accrue any additional credited service while he/she is a participant in the DROP, or after termination of participation in the DROP.
 - c. A DROP participant is not eligible for disability benefits from the Plan.
 - d. An employee may participate in the DROP only once.
 - e. Effective with the start date of an employee's DROP participation, contributions to the Pension Plan by the employee and the normal cost contribution to the Pension Plan by the City, on behalf of the employee, shall cease.
- 5. **Payments to DROP Account** - A DROP account shall be created for each member who elects to participate in the DROP. A DROP account shall consist of amounts transferred to

the DROP from the Plan, which include the monthly retirement benefits, including any future cost of living increases, that would have been payable had the member elected to cease employment and receive a normal retirement benefit upon commencing participation in the DROP, and earnings on those amounts.

6. **DROP Account Earnings**

- a. Members may direct their DROP money to any of the investment options offered and approved by the Board. Any losses incurred by the participant shall not be made up by the City or the Pension Plan. The selection of these programs shall be made by the participant on forms provided by the Board. Any and all interest and or earnings shall be credited to the participant's DROP account.
- b. A member's DROP account shall only be credited or debited with earnings while the member is a participant in the DROP and, depending on the DROP Account Payment Options selected, after the member dies, retires, or terminates employment with the City of Miami Beach.

7. **Payment of DROP Account Funds** - Upon termination of a member's employment (for any reason, whether by retirement, resignation, discharge, disability, or death), the retirement benefits payable to the member or to the member's beneficiary shall be paid to the member or beneficiary and shall no longer be paid to the member's DROP account. No payments will be made from the DROP account until the member terminates employment.

8. **DROP Account Payment Options** - Following the termination of a participant's employment, the participant shall select one of the following options to begin to receive payment from his/her DROP account. Said selection shall occur no later than 30 days prior to the end of the DROP participation period or within 30 days following the termination of a participant's employment if said termination of employment occurs prior to the end of the DROP participation period:

- a. **Lump Sum** - All accrued DROP benefits, plus interest, shall be paid from the DROP in a single lump sum payment.
 - b. **Partial Lump Sum** - A member designated portion of accrued DROP benefits, plus interest, shall be paid from the DROP in a partial lump sum payment with the remainder being directly rolled over into an eligible retirement plan.
 - c. **Direct Rollover** - All accrued DROP benefits, plus interest, shall be paid from the DROP directly to the custodian of an eligible retirement plan.
 - d. Other method(s) of payment that are in compliance with the Internal Revenue Code and adopted by the Pension Board of Trustees.
9. **Death of DROP Participant** - If a DROP member dies before his/her account balances are paid out in full, the participant member's designated beneficiary shall have the same rights as the member to elect and receive the pay-out options set forth in Paragraph 8, above. DROP payments to a beneficiary shall be in addition to any other retirement benefits payable to the beneficiary.
10. **Administration of DROP Accounts**
- a. The Pension Board of Trustees shall make such administrative rules as are necessary for the efficient operation of DROP, but shall neither create any rule that is inconsistent with the legislation creating the Drop, nor any rule that would be a mandatory subject of collective bargaining.
 - b. At all times, the DROP will be administered so that the Plan remains qualified under the Internal Revenue Code and is in compliance with the Internal Revenue Code and applicable laws and regulations.
11. If any provision of this DROP should be found invalid, unlawful, or not enforceable by reason of any existing or subsequently enacted legislation, or by judicial authority, or by an IRS

regulation/ruling, the City and the Union agree to meet within 30 days of such determination for the purpose of negotiating a resolution to the invalid provision(s).

In the event that provisions of the Internal Revenue Code operate to limit the benefit amount of employee coverage by the pension provision incorporated in this Agreement to an amount less than set forth in the pension Plan then the City and the Union shall negotiate a method to compensate the affected employee for the difference between the normal pension benefit and the limits allowed by the Internal Revenue Code provided that no such resolution shall jeopardize the exempt status of the Plan under the Internal Revenue Code.

Miami Beach Fraternal Order of Police - William Nichols Lodge No. 8
DROP Provisions
Contract Period 10/01/2003 - 09/30/2006

**AGREEMENT
BETWEEN
CITY OF MIAMI BEACH, FLORIDA**

and

**MIAMI BEACH FRATERNAL ORDER OF POLICE
WILLIAM NICHOLS LODGE NO. 8**

Period Covered

October 1, 2003 through September 30, 2006

a) **DEFERRED RETIREMENT OPTION PLAN (DROP)**

1. **Eligibility** - Any active employee member of the Miami Beach Police and Firefighters Pension Plan may enter into the DROP on the first day of any month following the date upon which the employee first became eligible for a normal service retirement, subject to the conditions expressed herein or as modified from time to time.
2. **Conditions of Eligibility** - Upon becoming eligible to participate in the DROP, an employee may elect to enter that program for a period not to exceed 36 months. Notwithstanding, participation may not continue beyond the date when the employee's combined years of creditable service and time in the DROP equals 352 months (387 months for employees who were Plan members prior to July 1, 1976), except for those persons entering the DROP under the window period set forth in Paragraph 11 below. Provided also that participation in DROP shall require the employee to complete and submit the following prior to start of DROP payments.
 - a) Such forms as may be required by the Pension Board of Trustee's Plan Administrator. Election in the DROP is irrevocable once DROP payments begin.
 - b) A waiver and an irrevocable resignation from employment with the actual date of termination being the date designated by the employee as the end of his/her DROP participation. The administration and timing of execution and delivery of the waiver and resignation forms shall meet the requirements of the Age Discrimination in Employment Act and the Older Worker's Benefits Protection Act, as same may be amended from time to time.
3. **Conditions of Employment for DROP Participants** - Employees shall be subject to termination of employment while in DROP to the same extent as they were in their pre-DROP status. A person who has elected the DROP remains an employee during the DROP period and receives all the benefits of being an employee during the DROP period, except any form of pension contribution.

4. **Effect of DROP Participation**

- a) An employee's credited service and his/her accrued benefit under the Pension Plan shall be determined on the date of his/her election to participate in the DROP first becomes effective.
- b) The employee shall not accrue any additional credited service while he/she is a participant in the DROP, or after termination of participation in the DROP.
- c) A DROP participant is not eligible for disability benefits from the Plan.
- d) An employee may participate in the DROP only once.
- e) Effective with the start date of an employee's DROP participation, contributions to the Pension Plan by the employee and the normal cost contribution to the Pension Plan by the City, on behalf of the employee, shall cease.

5. **Payments to DROP Account** - A DROP account shall be created for each member who elects to participate in the DROP. A DROP account shall consist of amounts transferred to the DROP from the Plan, which include the monthly retirement benefits, including any future cost of living increases, that would have been payable had the member elected to cease employment and receive a normal retirement benefit upon commencing participation in the DROP, and earnings on those amounts.

6. **DROP Account Earnings**

- a) Members may direct their DROP money to any of the investment options offered and approved by the Board. Any losses incurred by the participant shall not be made up by the City or the Pension Plan. The selection of these programs shall be made by the participant on forms provided by the Board. Any and all interest and or earnings shall be credited to the participant's DROP account.

- b) A member's DROP account shall only be credited or debited with earnings while the member is a participant in the DROP and, depending on the DROP Account Payment Options selected, after the member dies, retires, or terminates employment with the City of Miami Beach.

7. **Payment of DROP Account Funds** - Upon termination of a member's employment (for any reason, whether by retirement, resignation, discharge, disability, or death), the retirement benefits payable to the member or to the member's beneficiary shall be paid to the member or beneficiary and shall no longer be paid to the member's DROP account. No payments will be made from the DROP account until the member terminates employment.

8. **DROP Account Payment Options** - Following the termination of a participant's employment, the participant shall select one of the following options to begin to receive payment from his/her DROP account. Said selection shall occur no later than 30 days prior to the end of the DROP participation period or within 30 days following the termination of a participant's employment if said termination of employment occurs prior to the end of the DROP participation period:

- a) **Lump Sum** - All accrued DROP benefits, plus interest, shall be paid from the DROP in a single lump sum payment.
- b) **Partial Lump Sum** - A member designated portion of accrued DROP benefits, plus interest, shall be paid from the DROP in a partial lump sum payment with the remainder being directly rolled over into an eligible retirement plan.
- c) **Direct Rollover** - All accrued DROP benefits, plus interest, shall be paid from the DROP directly to the custodian of an eligible retirement plan.
- d) Other method(s) of payment that are in compliance with the Internal Revenue Code and adopted by the Pension Board of Trustees.

9. **Death of DROP Participant** - If a DROP member dies before his/her account balances are paid out in full, the participant member's designated beneficiary shall have the same rights as the member to elect and receive the pay-out options set forth in Paragraph 8, above. DROP payments to a beneficiary shall be in addition to any other retirement benefits payable to the beneficiary.
10. **Administration of DROP Accounts**
- a) The Pension Board of Trustees shall make such administrative rules as are necessary for the efficient operation of DROP, but shall neither create any rule that is inconsistent with the legislation creating the Drop, nor any rule that would be a mandatory subject of collective bargaining.
 - b) At all times, the DROP will be administered so that the Plan remains qualified under the Internal Revenue Code and is in compliance with the Internal Revenue Code and applicable laws and regulations.
11. If any provision of this DROP should be found invalid, unlawful, or not enforceable by reason of any existing or subsequently enacted legislation, or by judicial authority, or by an IRS regulation/ruling, the City and the Union agree to meet within 30 days of such determination for the purpose of negotiating a resolution to the invalid provision(s).

In the event that provisions of the Internal Revenue Code operate to limit the benefit amount of employee coverage by the pension provision incorporated in this Agreement to an amount less than set forth in the pension Plan then the City and the Union shall negotiate a method to compensate the affected employee for the difference between the normal pension benefit and the limits allowed by the Internal Revenue Code provided that no such resolution shall jeopardize the exempt status of the Plan under the Internal Revenue Code.